APPENDIX A

(Filed January 11, 1966)

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 10,993.

THE GENERAL TIRE & RUBBER COMPANY, *Petitioner,*

v.

THE HONORABLE R. DORSEY WATKINS, United States District Judge for the District of Maryland, *Respondent.*

THE FIRESTONE TIRE & RUBBER COMPANY, *Intervenor.*

On Petition for a Writ of Mandamus.

(Argued December 5, 1966. Decided January 11, 1967.)

Before HAYNSWORTH, Chief Judge, and SOBELOFF, BOREMAN, BRYAN, J. SPENCER BELL, WINTER and CRAVEN, Circuit Judges, sitting en banc.

Charles J. Merriam (Norman P. Ramsey; Frank J. Earnheart; Semmes, Bowen & Semmes, and Merriam, Marshall, Shapiro & Klose on brief) for Petitioner, and Edward S. Irons (Benjamin C. Howard, Mary Helen Sears, Gene W.

Stockman, Stanley M. Clark, Harold J. Birch, William W. Beckett, and Irons, Birch, Swindler & McKie on brief) for Intervenor.

BY THE COURT:

On April 13, 1961, the petitioner, General Tire and Rubber Company, filed a motion to transfer Civil Action No. 12,932, Firestone Tire & Rubber Co. v. General Tire & Rubber Co., now pending in the District of Maryland, to the United States District Court for the Northern District of Ohio, Eastern Division. On July 6, 1961, the district court denied the motion without prejudice to renew upon subsequent change of conditions. On September 6, 1963, the motion was renewed, and on October 14th of that year the district court again denied the motion. On January 7, 1964, this court declined to issue a writ of mandamus. On June 25, 1966, General again renewed its motion to transfer the case to the Northern District of Ohio or in the alternative to dismiss the action because of an attempt on the part of the plaintiff Firestone Tire and Rubber Company to practice a fraud against the court. General again seeks a mandamus directing the district court either to transfer the case to the Northern District of Ohio or in the alternative to dismiss.

We are unanimously of the opinion that the case should be transferred to the Northern District of Ohio in order to prevent an extravagantly wasteful and useless duplication of the time and effort of the federal courts by the simultaneous trial of two complex and elaborate cases involving substantially the same factual issues.

Our decision of January 1964[1] declining to issue the writ on the grounds that the record at that time did not disclose that the trial court had abused its discretion was

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[1] General Tire & Rubber Co. v. Watkins, 326 F. 2d 926.

premised upon two principal factors: (1) that McCreary Tire and Rubber Company, the customer of Firestone, was an independent coequal party plaintiff against whom alone a patent suit could not be brought in Ohio for reasons of venue, and (2) the plaintiffs and the court confidently predicted that the Maryland case would be reached and disposed of before trial of its sister cases could be started in Ohio. Three years later we again consider the case upon a renewal of the motion to transfer. McCreary is no longer a party, having changed counsel sometime after the death of Mr. McCreary, Sr., and settled with General Tire on July 18, 1966. In a colloquy engaged in by the remaining parties and the court on the record for the information of this court, the plaintiff Firestone and the court "hoped" that the case might be completed by September of 1967, although apparently further depositions to be taken abroad are contemplated. In a suit on the same patent against the United States Rubber Company in Ohio pretrial has been completed and that case set to commence on March 1, 1967. We are now faced with the fact that not only has the Maryland case failed promptly to settle the issues between the parties but on the contrary both suits will be in the process of trial simultaneously for at least nine months of the coming year involving the same patent and consequently many common issues of fact and law. A brief history of the action is necessary to understand the issues.

On December 13, 1960, General Tire and Rubber Company filed two separate suits against the Goodyear Tire and Rubber Company and the United States Rubber Company upon Patent #2,964,083 in the Northern District of Ohio. These suits were subsequently consolidated. At the same time it wrote Firestone and others offering licenses under the patent.

On March 17, 1961, a meeting was held among counsel for Goodyear, U. S. Rubber and Firestone at which the pos-

sibility of a declaratory judgment suit by Firestone was discussed.

On March 30, 1961, a telephone conversation took place between Mr. Irons, counsel for Firestone, and Mr. McCreary, Sr., relating to McCreary's becoming a party plaintiff in the declaratory judgment suit.

On March 30, 1961, the declaratory judgment suit was commenced in Maryland by Firestone Tire and Rubber Company and McCreary Tire and Rubber Company for a declaratory judgment of invalidity and non-infringement of the same patent as that involved in the Ohio suits.

On April 4th and 6th, 1961, General filed suits in Ohio against Firestone and McCreary for infringement of this same patent.

On April 13, 1961, General moved for a transfer of the Maryland suit to Ohio.

On May 9, 1961, a telephone conversation took place between Mr. Birch, counsel for Firestone, and Mr. McCreary, Sr., regarding the billing of McCreary Tire and Rubber for fees and expenses.

On July 6, 1961, the transfer motion of April 13th was heard, and the district court in an oral opinion rendered the same day denied General's motion to transfer without prejudice to renewal upon changed conditions and enjoined General from prosecuting its Ohio cases against the Maryland plaintiffs.

In October 1961 McCreary, Sr., filed answers to interrogatories of General in which he denied that he had any agreement with Firestone concerning the prosecution of this suit, and in August of 1962 Mr. Clark, house patent counsel for Firestone, deposed to the same effect.

On September 6, 1963, General renewed its motion to transfer the case to Ohio, and on October 14, 1963, the

court denied this second motion. In its opinion the court said:

> "Further the court is completely unconvinced that a transfer would really conserve judicial manpower. Plaintiffs have consistently stated that if a transfer were made, they would oppose consolidation; they have for the most part, refused to agree that discovery proceedings in the Cleveland cases may be used in this case; and it appears that this case, set firmly for trial on January 7, 1964, in this court will be reached, and (hopefully) will be decided before the Cleveland cases, which may be set for trial in April 1964, if the parties are then ready for trial."

On November 5, 1963, General filed a petition for mandamus to compel the transfer, which this court denied. See note 1 *supra*.

On April 15, 1964, the Maryland case began trial on a four day per week schedule.

In October 1965, there was disclosed to General a memorandum in the handwriting of Mr. Irons, counsel for Firestone, concerning the meeting on March 17, 1961, with counsel for Goodyear and U.S. Rubber.

On April 18, 1966, there was disclosed to the court and counsel for both sides a transcript of the telephone conversation between Mr. McCreary and Mr. Birch which took place on May 9, 1961. The transcript was found in Mr. McCreary, Sr.'s desk after his death by Mr. Blenko, who had replaced Mr. Irons as counsel for McCreary Tire and Rubber Company.

On June 28, 1966, General again renewed its motion to transfer or in the alternative to dismiss the suit.

On September 26, 1966, the renewed motion was denied, and General again seeks from us a writ of mandamus.

Preliminary to the question of whether or not we should issue the requested writ is the question of whether or not we have jurisdiction to entertain the petition under 28

U.S.C. § 1651(a).[2] We think *La Buy* v. *Howes Leather Co.*, 352 U.S. 249 (1956), has clearly settled the question of this court's jurisdiction to entertain a petition under the All Writs Statute and to issue the writ under extraordinary circumstances. In *La Buy* the circuit court had issued the writ compelling the trial court to revoke orders of reference to masters in certain antitrust cases. The respondent insisted that the circuit court had no jurisdiction to entertain the petitions because the references would not prevent the appellate court from ultimately reviewing its action on appeal. The Court rejected this argument, saying that the question of the naked power to entertain the writ had long since been settled by the Supreme Court, and adding: "Since the Court of Appeals could at some stage of the antitrust proceeding entertain appeals in these cases, it has the power in proper circumstances, as here, to issue writs of mandamus reaching them." While this Court has been extremely reluctant to exercise its authority,[3] we have not held that the court lacked jurisdiction to entertain the petition, and in *United States & Wirtz* v. *Hemphill*, — F.2d — (decided November 25, 1966), the writ was issued in a case in which the action of the district court would have ultimately come before this court for review but we felt the issuance of the writ to be the only practical or adequate remedy for an abuse of discretion.[4]

In addition to the usual forum non conveniens arguments which it had offered in support of its motion to transfer

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[2] 28 U.S.C. § 1651(a): "The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law."

[3] *Cf.* General Tire & Rubber Co. v. Watkins, 363 F.2d 87 (4 Cir. 1966); General Tire & Rubber Co. v. Watkins, 331 F.2d 192 (4 Cir. 1964); General Tire & Rubber Co. v. Watkins, 326 F.2d 926 (4 Cir. 1964); Moorehead v. Barksdale, 263 F.2d 117 (4 Cir. 1959); Clayton v. Warlick, 232 F.2d 699 (4 Cir. 1956); Clinton Foods, Inc. v. United States, 188 F.2d 289 (4 Cir. 1951).

[4] See also Schwab v. Coleman, 145 F.2d 672 (4 Cir. 1944) (indefinite continuance by district court).

General also contends bad faith and fraud on the part of the plaintiffs would justify either transfer or dismissal. It first contends that the Maryland suit was brought by Firestone at the behest of counsel for Goodyear and U.S. Rubber in order to divide the resources and energies of General between Ohio and Maryland and not as a bona fide effort to obtain an expeditious determination in a convenient forum of the rights of the nominal plaintiffs. In support of this contention it offers the memoranda which Mr. Irons, counsel for Firestone, and Mr. Fowler, attorney for Goodyear, made at the New York meeting.[5] It also

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[5] "DEFENDANT'S EXHIBIT 1840

"Mr. Iron's Memorandum of March 17, 1961 Meeting Between Counsel For U. S. Rubber, Firestone and Goodyear.

(original in longhand)

Mr. Fowler — Cahill, Gordon, Reindel and Ohl
Mr. Correa — March 17, 1961
Mr. Kenyon — 10:30 A.M.
Mr. Mandelbaum
Mr. Clark
Mr. Irons

Mr. Kenyon—Want to start backfire and keep it burning—Where How. If A sues in its name Firestone sued in Cleveland. If Firestone joins w/Armstrong as Plaintiff.—Transfer more probable.

Mr. Correa: Fair chance would happen

Mr. Kenyon: Problems are
(1) Make Case stick
(2) Judge
(3) Cf. 2 Cir.

Discussion of 2 Cir. panel
Depends on Panel.

Mr. Clark: Desire to file limited to E.S.I. and S.M.C. at least.
2-3-8

Gates (10). California (9).

While considering, keep mum in re clients *per se*.

Mr. Correa/Mr. Fowler: Good case for Transfer

Query—Check transfer law in 3 Cir. Dist. in Wilmington—Pitt District.

Proposed approach to Attorney General to reverse position of Justice Department in respect to whether General Tire patent is within General Tire research contract.

Congress is in Washington.

Mr. Correa favors prompt conference with Justice Department, cf. timing in relation to proposed Firestone Case.

Mr. Correa

Summary—one appeals to Correa is suit on license alone in D.C.

Mr. Kenyon concurs.

"DEFENDANT'S EXHIBIT 1826

"[Memorandum of March 17, 1961 meeting between U.S. Rubber, Goodyear, and Firestone. The original of this document is in the handwriting of Mr. Fowler, attorney for Goodyear.]

General v. Goodyear

Stan Clark, Irons—
Kenyon, Mandelbaum—
Correa, JAF

Friday, March 17th

1. Armstrong — Makes QER & buys it from Firestone—
2. General has given Armstrong notice & offered license—General has sent licenses to 16 or 19 tire companies—So the controversy exists—
3. Armstrong would not sue—Firestone must finance it & be in control—

What's the chance of the suit being transferred to Cleveland—

5. 2d (illegible) & 8th Circuits are possibilities—

Mat's suggestion:

1. Firestone file suit in District of Columbia for declaratory judgment on license—No diversity, no Fed. question.
2. General will have to file compulsory counterclaim for patent infringement—
3. Recent decision of Sup. Court says suit cannot be transferred under § 1404(a) to a District Court where it could not originally have been brought—

The original complaint could not have been filed in Fed. Court in Ohio—

It is filed in Dist. Court in D.C. as the "municipal" Court—

4. Form non conveniens—"

points to the admitted fact that counsel for Goodyear and U. S. Rubber billed their clients for this meeting, although Mr. Clark claims the meeting was called at his behest and for the benefit of Firestone and that counsel for Goodyear and U. S. Rubber were committed not to disclose to their respective clients what was said at the meeting. Secondly, General contends that bad faith was present in the insistence of Firestone and McCreary that McCreary was a wholly independent coequal plaintiff who was free to participate in the action without reference to Firestone's interests. In support of this contention it offers a transcript of a three way telephone conversation[6] which took place

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[6] "DEFENDANT'S EXHIBIT 1836

"[Transcript Made in Mr. Irons' Office of Telephone Conversation with Mr. Harry C. McCreary, Sr.,] 3/30/61

Irons: Mr. McCreary, this is Mr. Irons, Hal Birch's partner, down in Washington. Stanley Clark from Firestone is on the other line.

Clark: How are you this morning?

Irons: We are about to reach a decision about what to do about General and what we would like to do, Mr. McCreary, is file suit in Baltimore using Firestone and McCreary jointly as plaintiffs to attack the General patent and to assert the rights under the government contract with Firestone as nominee. Mr. Beckett talked to you about this. I understand from him that this has been discussed with you and that you have no objection to it. Is that correct?

McCreary: That's correct.

Irons: Mr. McCreary, the thinking in this direction is that as far as the cost of the litigation is concerned with this office that you would be billed for it, but suppose there is a decision which is adverse. I don't know whether Mr. Beckett covered this with you or not but to the extent that you purchased your oil extended rubber from Firestone, of course Firestone would have to pay on that anyway, but you are not looking for Firestone to hold you harmless in that event with respect to rubber you purchased from them.

Clark: I don't think you would go that far. We, of course, are going to fight this thing one way or the other. These people

on March 30, 1961, between McCreary, Sr., then President of McCreary; Mr. Clark, house patent counsel for Firestone; and Mr. Irons, counsel for both plaintiffs in this case until sometime after Mr. McCreary, Sr.'s death, and particularly the transcript of a telephone conversation be-

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are asking 4¢ a tire; they are asking a little more than that on camelback. It amounts up to the total demand on the whole industry of about $6,000,000.00. You can figure out yourself what the 4¢ a tire will mean to your company. It may not mean as much to you as it does to Firestone.

McCreary: I don't know about that. Firestone has lower costs than we have. I try not to worry about that.

Irons: All I am saying is this. General has been going after the tire makers, not the rubber manufacturers and so far the rubber manufacturers have not and probably will not extend any immunity with respect to oil extended rubber with this sale to customers. Each tire company has to go ahead and take his own risk with respect to his patent. You run some risks in going into this suit. If we lose, you lose with us. You understand that?

McCreary: Certainly. Certainly. If you fight without us and you lose, then I lose.

Clark: If we sit back and don't do anything, we have lost just as surely as we sit here.

McCreary: I would be glad to join with you and also do anything here I can.

Clark: Wonderful. If we win, both of us are in free.

McCreary: Well that I appreciate and I will try to show my appreciation by being just as active in this thing as I think you want us to be.

Irons: We won't make many demands on you but there were to be—

McCreary: We'll take care of our own travel bills and stuff like that.

Irons: Hal Birch sends his regards to you Mr. McCreary.

McCreary: Thank you and send mine to him. You will probably want some signatures.

Irons: We may on some affidavits and any papers that will be of interest to you.

McCreary: Keep us posted and we'll be guided by your office 100%."

tween Mr. McCreary, Sr., and Mr. Harold Birch, a partner to Mr. Irons, which took place on May 9, 1961.[7]

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[7] The following is a transcript of the pertinent part of the telephone conversation:

"Voice No. 1: Hello, hello.
Voice No. 2: Hello, hello, sir.
Voice No. 1: Hello.
Voice No. 2: Can you hear me?
Voice No. 1: Yes.
Voice No. 2: Just a moment for Mr. Birch in Washington.
Voice No. 1: Right.
Voice No. 3: Hello.
Voice No. 1: Hello.
Voice No. 3: Hal Birch, Mr. McCreary.
Voice No. 1: Yes.
Voice No. 3: How are you up in Indiana?
Voice No. 1: First class.
Voice No. 3: Why, we've been going around and around and around with General, as you know, and we've got a little bit of a problem. There is a bit of a schism in their approach to McCreary as against Firestone, and we think they're probably trying to line up to say in the long run that McCreary can be transferred out because they are just Firestone's little patsy, and Firestone is paying the whole bill.

Now, here is what we'd like to do, if it's all right with you, with full recognition that the agreement that was made between you and Stanley Clark is not going to, in the long run, change one tiny little bit. I don't want to put anything in the mail, and I don't want to talk about it too much, for obvious reasons.

Voice No. 1: Right.
Voice No. 3: What we would like to do is this: The relative production as between you and Firestone is about 99 to 1.
Voice No. 1: That sounds about right.
Voice No. 3: In other words, you are 1 per cent of their total business, tire business.
Voice No. 1: Right.
Voice No. 3: So what we would like to do would be to formally bill you folks for 1 per cent of the cost of this litigation, which this last month would add up to the tremendous figure of $34.86.
Voice No. 1: I believe we could stand that.
Voice No. 3: If you could stand that—
Voice No. 1: I think s—

In short General contends that the memorandum of Mr. Irons on the March 17, 1961, meeting discloses that Fire-

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Voice No. 3: Well, that's about what it'll be monthly, and then if you could send us that amount of money just as if we were—

Voice No. 1: Right.

Voice No. 3: —Firestone didn't even exist.

Voice No. 1: Right

Voice No. 3: Bearing in mind that—

Voice No. 1: Right

Voice No. 3: —after this is all over with, why, everything will come out in the wash.

Voice No. 1: That's right.

Voice No. 3: Okay?

Voice No. 1: That's perfectly all right.

Voice No. 3: All right. Well, we didn't think you would have any serious—

Voice No. 1: Not at all, and I certainly don't want them to be able to split this thing apart.

Voice No. 3: Well, that is right, because what they have now done, I don't know whether Ed has talked to you about this recently, but what they have now done is move in Ohio to enjoin Firestone from proceeding in the Maryland lawsuit. Well, of course, we have already moved in Maryland to enjoin them from proceeding against Firestone in any other court.

Voice No. 1: Uh hum.

Voice No. 3: So this is—ah—in two courts now, and real interesting, but they did not move to enjoin McCreary.

Voice No. 1: Uh huh.

Voice No. 3: See?

Voice No. 1: Uh huh.

Voice No. 3: So we don't want to leave any stone unturned in case they should file an interrogatory and ask McCreary if they are paying their toll in this lawsuit.

Voice No. 1: I certainly—

Voice No. 3: Whatsoever.

Voice No. 1: I certainly want to be able to prove it.

Voice No. 3: Right. So what we want to do is to send you—and we'll send you a bill for both March and April.

Voice No. 1: Fair enough.

Voice No. 3: The March bill will be even smaller than the $34.00.

Voice No. 1: Well, that's quite all right.

Voice No. 3: (Laughter) Okay."

stone was asked to start a "backfire" by U.S. Rubber for the purpose of delaying and disrupting the Ohio litigation; that this case was brought 13 days after such request; that the parties recognized the possibility of a transfer to Ohio, and to prevent it McCreary was brought in as a co-plaintiff and represented to be an independent party while in fact there was a secret agreement that Firestone through joint counsel would completely dominate and control this case.

In a long and meticulous memorandum opinion filed by the court on October 17, 1966, the court reviewed the evidence concerning General's charges and found with Firestone on all points. It found that the New York conference was held at the request of Firestone's counsel; that Firestone did not start the Maryland suit as a "backfire"; that McCreary was not decided on as a party plaintiff until the day the complaint was filed, and that it was completely independent and chose the forum for its own convenience and because of its commercial activity in Baltimore. It further found that McCreary's agreement to pay one per cent of the expenses and attorneys' fees was a bona fide agreement and the only agreement between the plaintiffs with respect to the lawsuit, and that there was no agreement that Firestone would ultimately repay McCreary. The court thereupon denied the motion to transfer on the grounds that there was no attempt to practice fraud on the court and that in any event the court was not deceived about McCreary's relationship to its co-plaintiff.

We do not feel it advisable at this stage in the lawsuit to pass on the district court's findings and conclusions with respect to General's contentions of bad faith and misrepresentation to the court. Without denigrating the importance of these issues in the ultimate assessment of costs between the parties, we think that their resolution in favor of Firestone should not have been determinative of the motion to transfer. Indeed we think the court's preoccupation therewith caused it to overlook completely the factor which should have controlled the decision. That factor was the

complete change of conditions which had taken place since the motion was originally denied. This failure resulted in an order which constituted an abuse of discretion.[8]

That conditions had changed is evident upon examination of the reasons set forth in the judge's memorandum opinion filed on October 14, 1963 denying both the original motion and its renewal, *i.e.*, that the Maryland case would be reached and tried before the Ohio case could be started. Furthermore, although the court concluded on October 14, 1963, and again on September 24, 1966, that its original denial of the transfer motion was not influenced by McCreary's presence as a party plaintiff, we think the subsequent settlement with McCreary on July 18, 1966, further strengthens the case for transfer at this time.

We turn now to our reasons for issuing the writ under the extraordinary circumstances of this case. We think the district court erred in its failure to weigh the impelling need for efficiency in the administration of our court system against the right of Firestone to continue the trial in a forum which no longer offered to it any convenience over the Ohio forum. Certainly the simultaneous trial of two suits in different circuits involving a number of identical questions of fact and law would result in a useless waste of judicial time and energy. Against the judicial time and effort already spent on the Maryland case must be weighed the fact that the Ohio judge either has been, or will have to be, "educated" in much of the same factual background whether or not the Ohio case against Firestone can be consolidated with its companion case against U. S. Rubber.

The United States Supreme Court considered the question of multiple litigation in the federal courts in *Kerotest Mfg. Co.* v. *C-O-Two Co.*, 342 U.S. 180 (1952). In that case

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[8] For an interesting discussion of the criteria which should determine the exercise of discretion to issue the extraordinary writ see: *Mandamus Proceedings in the Federal Courts of Appeals: A Compromise With Finality*, 52 Calif. L. R. 1036.

C-O-Two, owner of two patents, brought an infringement action in Illinois against a customer of Kerotest, manufacturer of the allegedly infringing item. Kerotest subsequently brought a declaratory judgment action on the same patents in Delaware. Later Kerotest was joined as a party defendant in the Illinois action. The Delaware district court stayed the Illinois suit as against Kerotest on the ground that the Delaware action had commenced before Kerotest became a party to the Illinois suit. The Third Circuit reversed, ordering the district court to stay its proceedings in the case until 10 days after final determination of the Illinois litigation. The Third Circuit refused to rest its decision upon so artificial a test as the chronology of the suits, but rather considered the test to be "whether the relief sought can be 'more expeditiously and effectively afforded [in the other suit] than in the declaratory proceeding'." The Supreme Court, in affirming the Third Circuit said:

> "The Federal Declaratory Judgment Act facilitating as it does the initiation of litigation by different parties to many-sided transactions, has created complicated problems for coordinate courts. Wise judicial administration, giving regard to conservation of judicial resources and comprehensive disposition of litigation, does not counsel rigid mechanical solution of such problems. The factors relevant to wise administration here are equitable in nature. Necessarily, an ample degree of discretion, appropriate for disciplined and experienced judges, must be left to the lower courts." 342 U.S. at 184.

The Court also noted that "the manufacturer who is charged with infringing a patent cannot stretch the Federal Declaratory Judgments Act to give him a paramount right to choose the forum for trying out questions of infringement and validity." *Id.* at 185.

The Second Circuit, in *Hammett* v. *Warner Bros. Pictures, Inc.*, 176 F.2d 145 (2 Cir. 1949), stressed the expediency of avoiding multiple trials involving common issues.

In that case, the issue was who owned rights to the character "Sam Spade," with Warner Bros. claiming rights under its copyright on *The Maltese Falcon,* and Hammett, the original creator of the character, claiming Warner's copyright covered only that book and not the character as it may appear in other books and stories. Warner Bros. commenced a suit in California, while Hammett brought a declaratory judgment action in New York. The Second Circuit affirmed the district court's dismissal of the New York action on grounds that all issues would be resolved in California. See also *Alamance Industries, Inc.* v. *Filene's,* 291 F.2d 142 (1 Cir. 1961).

Our situation is factually different from both *Kerotest* and *Hammett* because the suit which is set to be tried in Ohio in March is against U. S. Rubber and not Firestone. Presumably General's Ohio suit against Firestone was not consolidated with the suits against Goodyear and U. S. Rubber because the Maryland district court had enjoined General from prosecuting its Ohio suit. This difference necessitates our invoking a different remedy, but the principle to be applied is the same: maintenance of judicial economy. The prompt transfer of the Maryland suit to Ohio will make it available there for consolidation and trial in March with the suit against U. S. Rubber. In view of the complex and time consuming nature of patent cases, the advisability of consolidation is obvious. See *Pharma-Craft Corp.* v. *F. W. Woolworth Co.,* 144 F.Supp. 298 (M.D. Ga. 1956). The district court, in its denial of General's second transfer motion, pointed out that Firestone had expressed a determination to fight consolidation if the case were transferred. While we suspect that Firestone might have a change of heart after transfer, in any event, its opposition would not be determinative of the issue. See *American Photocopy Equip. Co.* v. *The Fair,* 35 F.R.D. 236 (N.D. Ill. 1963). This record discloses no reason why consolidation should not be as feasible here as in the two other cases.

Since General's Ohio case against U. S. Rubber cannot be moved to Maryland and consolidated for trial with the pending declaratory judgment suit, we think the district court abused its discretion in not transferring the Maryland case to Ohio where it will be available for consolidation—the only way in which time and effort can now be saved. The traditional forum non conveniens argument is no longer available. Both parties are Ohio corporations with their main offices in that state. It is the center of rubber manufacture in the United States, and many if not most of the documents and witnesses are there. Firestone has made no serious argument to the contrary. The evidence indicates a high degree of forum shopping which we recognize as an inevitable adjunct to the congressional policy on declaratory judgment suits in patent litigation, but forum shopping must not be indulged in the face of multiple litigation especially where, as here, the shopper is offered an equally convenient forum. See *Caldwell Mfg. Co.* v. *Unique Balance Co.*, 18 F.R.D. 258 (S.D.N.Y. 1955).

We are aware of the distinction made by some courts of appeal between entertaining a writ of mandamus from an order of a district court denying transfer under 28 U.S.C. § 1404(a) and entertaining a writ when the district court granted transfer. *E. g., In re Josephson*, 218 F.2d 174 (1 Cir. 1954). See *La Buy* v. *Howes Leather Co.*, 352 U.S. 249, 260 (1957) (Justice Brennan dissenting). The reasoning is that extraordinary writs authorized under 28 U.S.C. § 1651 are to be issued only in aid of appellate jurisdiction, and, since denying transfer does not deprive the appellate court of ultimate jurisdiction to hear the issue on appeal, issuance of the writ in such a situation is not properly in aid of the court's jurisdiction. On the other hand if the district court transfers the case out of the circuit, the court of appeals is being deprived of its ultimate jurisdiction to review and, therefore, mandamus is deemed justifiable.

While the rationale of *In re Josephson* has merit where the issue before the court is whether the district court has abused its discretion in circumvention of the rights of the parties, we find it inappropriate in our situation. We are not concerned here only with the rights of private litigants which we feel in any event will not be impaired in the least by transfer.[9] Nor are we concerned only with the problem of whether or not we shall ultimately lose our jurisdiction to review to another appellate court. Rather, our interest is with effective administration and supervision of the courts of our circuit. It is obvious that if we postpone action until appeal after final judgment, the question will have become moot and the damage done. We do not believe that the rule developed in those cases was intended to prevent our acting in this extraordinary situation.

We are not here permitting use of mandamus as a substitute for interlocutory appeal, which is, with a few statutory exceptions, prohibited in the federal courts. See 28 U.S.C. §§ 1291-92. Rather, we are using the writ for a purpose for which we think it was intended—to correct a wrong to the court which otherwise can never be effectively presented on appeal. The order of the district court is reversed; the writ will be issued.

An appropriate order will be entered.

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[9] We agree with the statement of Judge Learned Hand in Magnetic Engineering & Mfg. Co. v. Dings Mfg. Co., 178 F.2d 866, 869 (2 Cir. 1950): "We do not believe that our power to protect our own jurisdiction extends to protecting it as against the jurisdiction of another federal court of equal jurisdiction, or that a suitor has any legally protected interest in having his action tried in any particular federal court, except insofar as the transfer may handicap his presentation of the case, or add to the costs of trial."

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v.

THE HONORABLE R. DORSEY WATKINS, United States District Judge for the District of Maryland, *Respondent.*

THE FIRESTONE TIRE & RUBBER COMPANY, *Intervenor.*

On Petition for a Writ of Mandamus

THIS CAUSE came on to be heard upon the petition of The General Tire & Rubber Company for a writ of mandamus and the motion of The Firestone Tire & Rubber Company, Intervenor, to dismiss petition for writ of mandamus, and was argued by counsel.

ON CONSIDERATION WHEREOF, and the Court being unanimously of the opinion that the case should be transferred to the United States District Court for the Northern District of Ohio, Eastern Division, it is now here ordered that the petition for a writ of mandamus be, and it is hereby granted, and that the Honorable R. Dorsey Watkins, District Judge of the United States District Court for the District of Maryland, is ordered and directed to vacate his order of September 26, 1966, denying the renewed motion of The General Tire & Rubber Company to transfer Civil Action No. 12,932 or in the alternative to dismiss the suit, and to enter an order directing the transfer of

the said civil action to the said District Court for the Northern District of Ohio.

CLEMENT F. HAYNSWORTH, JR.
Chief Judge, Fourth Circuit.

SIMON E. SOBELOFF
United States Circuit Judge.

HERBERT S. BOREMAN
United States Circuit Judge.

ALBERT V. BRYAN
United States Circuit Judge.

J. S. BELL
United States Circuit Judge.

HARRISON L. WINTER
United States Circuit Judge.

J. BRAXTON CRAVEN, JR.
United States Circuit Judge.

Filed Jan. 12, 1967

MAURICE S. DEAN
Clerk

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 10,993

THE GENERAL TIRE & RUBBER COMPANY, *Petitioner,*

v.

THE HONORABLE R. DORSEY WATKINS, United States District Judge for the District of Maryland, *Respondent.*

THE FIRESTONE TIRE & RUBBER COMPANY, *Intervenor.*

Order

Upon consideration of the motion of the Intervenor, the Firestone Tire and Rubber Company, for a stay of execution of the Writ of Mandamus filed on January 12, 1967, and the objection of petitioner to the granting of a stay of more than fifteen additional days, and

Upon further consideration of the desirability of avoiding any additional delay in the commencement of the trials of the several proceedings in Ohio beyond that reasonably necessary to enable the Intervenor to petition the Supreme Court of the United States for a review of our judgment and for such additional stays as may be appropriate in connection with proceedings in the Supreme Court, and

After consultation with my Brothers.

IT IS ORDERED: That execution of the Writ of Mandamus filed on January 12, 1967 be stayed for a period of forty days from January 12, 1967, provided that within thirty days from January 12, 1967 the Firestone Tire and Rubber Company shall apply to the Supreme Court of the United States for a writ of certiorari to this Court.

CLEMENT F. HAYNSWORTH, JR.
Chief Judge, Fourth Circuit

Filed Jan. 20, 1967

MAURICE S. DEAN
Clerk

APPENDIX B

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

Civil Action No. 12932

THE FIRESTONE TIRE & RUBBER COMPANY

v.

THE GENERAL TIRE & RUBBER COMPANY

Memorandum on Defendant's Renewed Motions to Transfer and to Impose Sanctions

The defendant, The General Tire & Rubber Company (General), has renewed its motion of April 13, 1961 to dismiss or transfer, and its motion of September 6, 1963, to transfer, this case to the United States District Court for the Northern District of Ohio, Eastern Division. Defendant further moves that sanctions be imposed upon plaintiffs,[1] including General's attorney fees and expenses arising from the prosecution of Civil Action No. 12,932, and an equal amount "against plaintiffs payable to the Court to compensate for plaintiffs' gross imposition upon the Court and hardship caused other litigants by plaintiffs' fraudulent monopolizing of over two and one-quarter years of the Court's time . . . [and] for such other penalties, sanctions, and relief as the Court may see fit."

The Court is also requested to enter certain proposed Findings of Fact.

The motions are stated to be based, "in addition to the grounds set forth in the documents supporting the previous transfer motions, upon newly discovered evidence which was kept from defendant by plaintiffs, although it was in the possession and control of one or both plaintiffs

[1] Plaintiff McCreary and defendant General have reached a settlement and the Amended Complaint of McCreary has been dismissed with prejudice.

and known by them prior to the transfer motions of April 13, 1961 and September 6, 1963. The motions are also brought following the suggestions of the Court of Appeals in Case No. 10,429, at pages seven and eight of its opinion. [General Tire & Rubber Company v. Watkins, 4 Cir. 1966, 363 F. 2d 87, 89-90]."

Significantly, there is no renewal of, or even mention of, defendant's motion of October 12, 1965, seeking, among other things, a dismissal of the declaratory judgment action of McCreary Tire & Rubber Company (McCreary), a dismissal of the declaratory judgment action of The Firestone Tire & Rubber Company (Firestone), or in the alternative, a dismissal of the non-infringement portions of the declaratory judgment action; and to charge Firestone and McCreary "with costs, expenses and attorney fees resulting from their improper declaratory judgment action and conduct", and such additional relief as the Court may consider proper.

No mention is made of the Supplemental Statement filed by defendant on October 26, 1965, in support of the motion filed October 12, 1965. This Supplement is primarily related to meetings in March 1961, purportedly involving the relationship of Goodyear Tire and Rubber Company and United States Tire and Rubber Company to this litigation.

Finally, no mention is made of this Court's ruling on December 13, 1965, denying the motion of October 12, 1965 as supplemented on October 26, 1965, raising substantially the same contentions as are made herein, nor of the Court's oral opinion thereon (Transcript, pages 26,987-27,010).

In General Tire and Rubber Company v. Watkins, supra, the Court of Appeals said (363 F. 2d at pages 89-90):

> "Since the oral argument McCreary and General Tire have filed certain papers in this court in an effort to amplify the record. They are bottomed upon

what purports to be a tape recording of a telephone conversation between a former president of McCreary and one of the lawyers for Firestone. It is suggested that there was falsity in the plaintiffs' representations—in opposition to General's original motion to transfer the case to Ohio—that McCreary was an independent party prosecuting the case at its own expense. These representations may well have been the determinative factor in the denial of the transfer motion. If they were in fact untrue, it appears that the plaintiffs may have practiced a serious fraud upon the District Court.

"However, these papers are not germane to the present petition for mandamus to disqualify the District Judge, and the propriety of the earlier motion to transfer is not now before us. If the tape recording constitutes newly discovered evidence warranting reconsideration of the motion to transfer or any other relief, or the imposition of any sanction, it should first be presented to the District Court, with a motion stating what relief is claimed. After a hearing, the District Court will be in position to determine the authenticity of the tape recording, the truth and materiality of any representations made to the court earlier, and to grant whatever relief may be appropriate.

"After the District Court has acted upon an amplified record, this court can entertain any issue appropriately brought up for review. Until then, any application based upon the tape recording or a claim of earlier misrepresentation should be addressed to the District Court."

Neither side has asked to take further testimony, or otherwise to amplify the record. However, oral argument was had on September 19, 1966, and on September 26, 1966, the Court advised counsel that the motion had been denied—this memorandum states the reasons therefor.

In its Memorandum in support of the present Motions defendant says (pages 1-2):

> "Pursuant to this clear invitation of the Court of Appeals, defendant has renewed its April 13, 1961 motion to dismiss or transfer and its September 6, 1963 renewed motion to transfer. The foundation for the present renewed motion is the *newly discovered evidence* comprising DX 1840, the 'backfire' memorandum, and the dictaphone recording of the May 9, 1961 telephone conversation between Mr. Birch and Mr. Harry C. McCreary, Sr. (R. 33,325-33,330." (Emphasis supplied).

DX 1840 was filed September 30, 1965, well before this Court's opinion of December 13, 1965, denying defendant's motion to dismiss as supplemented (which raised issues presently before the Court) so that the only "newly discovered evidence" is the dictaphone recording, certain papers in McCreary's files (McCreary Exhibits 1-7), and the testimony with respect thereto. This Court might well confine its consideration to the significance, if any, of this newly discovered evidence on the claim of fraud. Since, however, the charge is so serious, and defendant attacks the professional integrity of Firestone's attorneys, including the credibility of Firestone's house counsel, who is also an attorney, although not engaged in court appearances, the Court will consider all of the grounds advanced by defendant in defendant's Memorandum and proposed Findings of Fact.

1. *The Origin of this Litigation.*

Defendant contends that Firestone brought this action at the invitation of Goodyear and U. S. Rubber to delay and disrupt the Ohio litigation. Reference is made to a claimed "backfire" suggestion of Mr. Kenyon; the significance of DX 1840; and the claim is made that the dictaphone recording showed that some secret agreement existed between Firestone and McCreary. The same con-

tentions, including the one that there was an undisclosed agreement between Firestone and McCreary (but not, of course, relying upon the dictaphone belt), were made by defendant in its Memorandum in support of its October 12, 1965 motions; together with an attack upon the "chameleon testimony" of Clark, Firestone's house patent counsel.[2]

These contentions, except as to the significance of the dictaphone belt, were in effect found to be lacking in merit by this Court's ruling and oral opinion of December 13, 1963 (Transcript, pages 26,987-27,010, and especially 26,-991, where there is a reference to the "backfire"; and 26,-991-26,993 where the New York conferences are mentioned).

However, that there may be no doubt, the Court, after a consideration of the record, and particularly the testimony of Mr. Clark, both by way of deposition and in open court; DX 1840; and the exhibits to defendant's Supplemental Statement, filed October 26, 1965, finds that the substance of the New York conference on March 17, 1961 is as stated by Clark in Transcript, pages 22,230-22,244; that the conference was initiated by Clark to consider trial tactics by Firestone, including the place where a declaratory judgment suit should be filed and the possible effects of an earlier decision in either the Cleveland, Ohio litigation or where Firestone might sue; that the instant litigation was not at the suggestion or request of United States Tire and Rubber Company and/or Goodyear Tire and Rubber Company, but was a bona fide and independent effort on the part of Firestone to secure an adjudication in a circuit other than the Sixth Circuit; that the joinder of McCreary was a last minute idea, stimulated by the inclusion in the draft complaint of a reference to an alleged world-wide license; and that no fraud was attempted or perpetrated upon the Court as to the origin of the litigation.

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[2] This attack is repeated in defendant's Response to Plaintiff's Proposed Findings in opposition to defendant's Motions to dismiss or transfer, to transfer and for the imposition of sanctions.

This finding is made because the Court is satisfied that the witness Clark testified honestly in his deposition and in court. The Court has also taken into consideration his general demeanor on the stand and that the discrepancies, if any, were insubstantial; and that his inabilities to recall were because of, and consistent with, the passage of time and the absence of memoranda kept by him.[3] These conclusions are fortified, as to the March 17, 1961 meeting, by the Answers to Interrogatories, filed by defendant on October 26, 1965, with respect to Messrs. Kenyon and Mandelbaum, attorneys for United States Rubber Company, and Mr. J. A. Fowler, Jr., attorney for Goodyear Tire and Rubber Company. Messrs. Kenyon and Mandelbaum are reported as stating, with regard to Transcript, pages 22,-230-22,244, that "So far as concerns their recollection of the events that occurred at the meeting of March 17, 1961, their recollection is in general[4] in accord with the aforesaid testimony." As to Mr. Fowler, reference is made to Mr. Clark's testimony on September 30, 1965, and it is stated: "Mr. Clark in his answers stated his recollection or speculation, and Mr. Fowler is not in a position to disagree with such answers."

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[3] In reaching these conclusions the Court has considered McCreary exhibits one through seven submitted by Mr. Walter J. Blenko, Jr. at the time of the hearing of April 26, 1966 in this court and has found the discrepancies, if any, between Clark's testimony and Mr. McCreary Sr.'s memoranda relating to their communications prior to the filing of the instant suit insubstantial and of no materiality on the issues involved in the current motions.

[4] Defendant apparently argues that because Messrs. Kenyon and Mandelbaum agreed "in general" they should have stated any particulars in which they did not agree. The Court construes the statement attributed to them to mean that while they might have used language different from Clark's, in substance they agreed with him. Clearly their language does not permit of a construction that they disagreed on any material aspect or statement.

2. *The "Agreement" between Firestone and McCreary.*

The question of agreement between Firestone and McCreary as to McCreary's responsibility seems to have been considered under four topics or aspects—(a) indemnity or hold harmless; (b) dependence or independence; (c) liability for expenses; and (d) "secret." These will be considered in the same order.

(a) Indemnification or hold harmless.

All the testimony, and the answers to an appropriate interrogatory are to the effect that there never was any agreement by Firestone to hold McCreary harmless, or to idemnify it, with respect to this litigation. Except as it may be implicit in the claimed "secret" agreement[5], there is no serious contention that any such indemnification or hold harmless agreement existed.

The Court finds as a fact that there was no such agreement.

(b) Dependence or independence of McCreary.

The testimony and exhibits have consistently shown that McCreary had some sort of responsibility with respect to the cost, including attorneys' fees, of this litigation. In that respect only, may McCreary be said not to have been completely independent of Firestone, in that Firestone was to bear the bulk of the expenses.

Other than financial, the record on relationship is as follows:

(i). On July 6, 1961, at the hearing on the first transfer motion, Mr. Irons spoke of Mr. McCreary (in the latter's presence) as follows:

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[5] Since the terms of a "secret" agreement are necessarily not known except to the alleged parties, arguably the agreement could be all-embracive, or limited to a single point. Defendant has not sought to enlighten the court as to what the terms of the supposed secret agreement are.

"He [McCreary] comes here jointly as plaintiff with Firestone, but other than that, independent, he pays my bills as I send them to him, . . . he can accept a judgment against him or he can take such other action as he wants to, he is subject to no mandate or direction from Firestone." (Page 62).

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"He [McCreary] can, perhaps, derive some benefit from his association with Firestone, but he comes here independently, and not as Firestone's agent or cat's paw, and I think that should be clearly understood." (Page 63).

(ii). In his affidavit filed June 30, 1961, in opposition to the transfer motion, Mr. Irons referred several times to McCreary's independence.

(iii). In plaintiffs' Reply Memorandum filed before the pretrial hearing of July 6, 1961, it is stated (pages 17-18):

"Nor are there any aspects of 'McCreary's customer-supplier relationship with Firestone' which require proofs located in Akron. McCreary simply purchases unpatented oil-extended rubber from Firestone in routine manner. Such purchases are completed in Indiana, Pennsylvania. Other than conventional purchase orders, there are no oral or written contracts whatever between Firestone and McCreary.[19]"

"[19] Hence the testimony of 'persons having knowledge of Firestone's relationships with its customer McCreary' (Def. Br. page 17) is not material."

Defendant quotes only the last sentence of the text, without reference to the footnote, or to its omission, and argues that this is inconsistent with an agreement to pay part of the expenses of litigation.

The Court finds that in context, the reference was as to the absence of any reason to transfer to Ohio, for the

convenience of securing evidence as to the work-a-day customer relationship between Firestone and McCreary. The Court would not and does not construe the whole, or the quoted part, of the paragraph, as a representation to the Court that there was no arrangement as to the sharing of the litigation expenses.

(iv). Defendant refers to McCreary's answers to Interrogatories 11 and 12, filed on October 16, 1961, and read into the record on April 28, 1965, at Transcript, pages 18,372-18,374. Interrogatory 11 asked for identity of all written argreements between Firestone and McCreary which relate to participation in this case, to which the answer was that there are none. Interrogatory 12 asked if there were any oral agreements on the same subject matter. The answer was not a simple "No", but:

> "There are no oral agreements between the Firestone Tire and Rubber Company and plaintiff McCreary which relate to the participation of plaintiff McCreary and the Firestone Tire and Rubber Company *in the conduct of* this civil action." (Emphasis supplied).

The contrast in the direct denial in response to Interrogatory 11, and the qualified answer to Interrogatory 12 is significant. "Participation in this case" might well mean participation in any manner, including sharing or contribution in expenses or costs. "Participation . . . in the conduct of" the case would normally mean participation in control of the course of the litigation, including trial tactics, selection of experts, raising of issues, selection of defenses, decisions as to admissions, and decisions as to whether or not settlement should be discussed, and if a settlement were to be effected, when and for how much. An agreement to pay a part of the cost of litigation would be consistent with the absence of any agreement as to participation in or right to participate in the conduct of the case.

(v). The deposition of Clark (Transcript, pages 18,933-18,934) and the testimony of Birch (Transcript, pages 22,668-22,669) as to charges to McCreary are completely consistent with the only arrangement between Firestone and McCreary being the sharing of costs, as is the dictaphone recording, to be discussed in more detail.

(vi). What has actually occurred in this case is a pragmatic demonstration of McCreary's "independence", other than its obligation to pay a share of the expenses. McCreary did, without so far as the record shows any prior consultation with or approval by Firestone, employ new attorneys and discharge its old, enter into negotiations for settlement with General, and finally effect a settlement which left the entire controversy open between Firestone and General. General counters by saying that acts in 1966 do not prove independence in 1961. "The fact that the United States declared independence from Great Britain in 1776 does not mean that it was independent in 1771."[6] But there is nothing in the record to show that McCreary ever indicated that it was dependent upon Firestone, or had to, or did, declare its "independence."

McCreary's conduct in 1966, while it does not prove, is at the very least entirely consistent with, independence of Firestone in the conduct of this litigation, in and since 1961—and the Court finds this to be the fact, except as to McCreary's obligation to pay a share of the litigation expenses.

(c) McCreary's undertaking to pay a share of the litigation expenses.

It has, at least since July 6, 1961, been clear to this Court that some agreement or arrangement existed between Firestone and McCreary pursuant to which McCreary was to bear some portion of the litigation expenses, having

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[6] Defendant's Supplemental Section A, filed September 13, 1966.

relationship to the volume of production of the two companies. The order in which this developed (which is not the chronological order of the events themselves) is as follows:

(i) The statement by Mr. Irons at the July 6, 1961 hearing on the first transfer motion, quoted above, that McCreary "pays my bills as I send them to him . . ."

(ii) In his deposition taken on August 15, 1962 and read in part into the record on May 5, 1965, at pages 18,933-18,934, Mr. Clark testified:

> "Mr. Merriam: Would you turn to page 226, please, line 18:
>
> " 'Q. Does Firestone have any arrangement with McCreary as to payment of the cost of deposition transcripts, documentary production or any other expert witnesses, or any of these items which are incurred in connection with the instant litigation?
>
> " '[A.] You are asking me the same question in different words. There is no—I have told you three or four times now that there is no arrangement between Firestone and McCreary.
>
> " '[Q.] As to payment—
>
> " '[A.] As to any payment.'
>
> "Mr. Merriam: Now, will you go ahead with the continued answer?
>
> " 'A. Let me put it on the record. It has been a general understanding that the bulk of the expenses [18,934] of this litigation are to be paid by Firestone in view of Firestone's greater stake in the matter. The division of the costs were not a subject of agreement with McCreary beyond that general understanding, and the actual billings to McCreary have been left to Mr. Irons and Mr. McCreary and, as I stated yester-

day, I deduce from the size of the bills that we are carrying the greater burden of this litigation, which I think is as it should be in view of the proportionate sizes of the two plaintiffs.' "[7]

(iii) On September 3, 1965, Mr. Clark testified as to a conversation with McCreary the day this suit was filed, in which McCreary was told that Firestone would bear the "bulk of the expenses." At that time the Court stated its recollection of the portion of the Clark deposition read into the record, to the effect that Firestone was bearing the larger portion of the expenses, but that Mr. Clark had made no agreement as to specific amounts or proportions. (Transcript, pages 22,266-22,270).

(iv) On September 28, 1965, Mr. Birch was examined in open court by counsel for defendant. He testified that he had not read the McCreary deposition or Clark's testimony from the stand, and that some years ago he glanced briefly at the Clark deposition for a matter of a few minutes. He

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[7] In McCreary's Reply to "Intervener Firestone's Opposition to Petition of McCreary for Leave to File Additional Material", filed in the Clerk's Office of the United States Court of Appeals for the Fourth Circuit on or about May 13, 1966, Mr. Walker J. Blenko, Jr., as attorney for McCreary, after referring to the dictaphone belt and the discussion of the fees to be charged McCreary by Mr. Irons' firm, says:

> ". . . In all prior testimony known to McCreary and its present counsel, Mr. Clark denied the existence of any agreement between Firestone and McCreary relating to participation in the action or 'as to any payment' (Trial Transcript, page 18,933)."

No reference is made to the last paragraph quoted above, or to the fact that it was a "*continued* answer." This "continued answer" clearly discloses that there *was* an understanding with McCreary as to payment of the litigation expenses.

This partial quotation, without reference to the balance of Mr. Clark's answer, is shocking to this Court. Whether it was fraud or attempted fraud upon, or contempt of, the Court of Appeals, is of course not for this Court to decide.

was asked specifically as to a fee bill of April 30, 1961 of the Irons firm to McCreary, he stated:

> "First, let me start by saying that I do have knowledge with respect to the manner in which the McCreary bill is computed, and it is that a charge is made to McCreary relative to the charge which is made to Firestone, that relation being pro rata, based upon their volume of production." (Transcript, pages 22,668-22,669); see also Transcript, page 22,674).[8]

(v) On September 29, 1965, there was produced by Mr. Irons and admitted into evidence as DX 1836 a transcription of secretarial notes of a telephone conference with McCreary on March 30, 1961. The following is attributed to Mr. Irons:

> "Mr. McCreary, the thinking in this direction is that as far as the cost of the litigation is concerned with this office that you would be billed for it, but suppose there is a decision which is adverse. I don't know whether Mr. Beckett covered this with you or not but to the extent that you purchased your oil extended rubber from Firestone, of course Firestone would have to pay on that anyway, but you are not looking for Firestone to hold you harmless in that event with respect to rubber you purchased from them."[9]

(vi) In its oral opinion of December 13, 1965, on the October 12, 1965 superseding motion, the Court had had before it all of the foregoing, and referred to the "at least

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[8] Birch was clearly in error as to dates and place of discussion with McCreary; see Transcript 22,673-22,674; 33,348-33,349.

[9] Defendant suggests that the memorandum should read that "as far as the cost of the litigation is concerned with this office that you would not be billed for it." As indicated above and below, the memorandum would appear to be, and the Court finds it to be, accurate as written.

partial sharing of costs by McCreary . . . ." (Transcript, page 26,994).

(vii) On April 26, 1966, before the Court had read the transcript of the dictaphone recording of May 9, 1961, or had heard the belt played, it stated:

> "Well, Mr. Birch specifically testified as to the existence of an agreement, and that the agreement was that a charge is made to McCreary relative to the charge which is made to Firestone, that relation being pro rata, based upon their volume of production.
>
> "That is clearly and flatly in the record, pages 22,668 to 22,669.
>
> "I do not believe there has ever been any contention that there was not an agreement between Firestone and McCreary. There may be differences of opinion as to what the true arrangements are, but the testimony of Mr. Birch is flatly to the existence of an agreement, and as to the general nature of its terms."

(viii) On April 26, 1966, the dictaphone record of May 9, 1961 was played and transcribed (Transcript, pages 33,325-33,330). In it, Birch [10] states that General is "probably trying to line up to say in the long run that McCreary can be transferred out because they are just Firestone's little patsy, and Firestone is paying the whole bill." Then the suggestion is made that "with full recognition that the agreement that was made between you and Stanley Clark is not going to, in the long run, change one little bit", that as the relative production between McCreary and Firestone was about 99 to 1, McCreary being one per cent of Firestone's total tire business, "we" would like "to formally bill you folks for one per cent of the cost of this litigation . . ." which would be done monthly, and to be paid to the Irons firm just as if "Firestone didn't

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[10] That "Voice Number 3" was that of Mr. Birch is conceded.

even exist," bearing in mind that "after this is all over with, why, everything will come out in the wash." Birch said he did not want "to leave any stone unturned in case" General "should file an interrogatory and ask McCreary if they are paying their toll in this law suit"; so a bill would be sent for both March and April.

Birch further said that he didn't want "to put anything in the mail, and I don't want to talk about it too much, for obvious reasons."

At the conclusion of the playing of the dictaphone belt, the Court indicated (Transcript, pages 33,332-33,333) that the only matters justifying further interrogation were as to whether Birch intended to refer to a dollar amount per month, or one per cent a month; and what was meant by the agreement with Clark. However, no restrictions were placed on the interrogation of Birch or Clark.

On oral examination Birch testified that he called McCreary at Irons' request and told him "[T]hose things you just heard on the tape"; that he was not aware of an agreement between Clark and McCreary "relating to the case" but he "was aware of an agreement between Mr. Clark and Mr. McCreary that had to do with the payment of fees charged by our firm in a particular circumstance" (Transcript, page 33,338); that the only agreement he knew of was that Firestone would pay for the trip he took to Indiana, Pennsylvania, "[E]xcept for the one on the tape"; (Transcript, page 33,339); that he didn't want to put anything in the mail or talk too much since his firm's fees and their arrangement were their business only; that if Firestone won the case, he had no understanding that fees paid by McCreary would be returned to it (Transcript, page 33,340); that "win, lose or draw, McCreary was to pay, once and for all, one per cent, and that it was regardless of the outcome"; [11] that he could not recall what was meant

[11] The language was embodied in a question by the Court, answered in the affirmative.

about coming out in the wash, but thought it meant "that whether it is paid as a percentage or in a lump sum or now or next week or next year, the result will be the same"; that "formally" meant a written bill; and that while generally aware of his firm's representation of McCreary, Birch had not been intimately connected with it. (Transcript, pages 33,365-33,366).

That same afternoon Clark (who was out of the court room during Birch's examination) was called and testified that other than that he would have thought that he rather than Irons had told McCreary that McCreary would not be held harmless, he saw nothing that struck him as incorrect in DX 1836; as to the reference to the agreement between Clark and McCreary, mentioned on the tape, he said:

> "I think that probably the agreement I had was not to have an agreement. What I thought our understanding with McCreary was was this, that we were both free agents, that Firestone was going to finance this litigation, I had the impression that McCreary would carry its share of the burden, small though that may be; that there was no obligation upon McCreary for example not to settle, McCreary always had the freedom to settle any time they pleased, for example; I also thought and still think that there was no obligation on our part to save McCreary harmless.
>
> "I think it summed up to this point, that McCreary was going to pay its share, but a very small share of the litigation, that we would of course necessarily by our size and by our determination to go ahead essentially finance it. Beyond that, there was nothing." (Transcript, page 33,399).

that he assumed that the reason for Birch's call on May 9, 1961 was to tell McCreary what the ratio of payments was going to be; that there was no other agreement as to

what would happen after the case was over, although he thought that "we would be reimbursed by an order of this Court for costs and attorneys' fees" [12] (Transcript, page 33,400); that there was no agreement with McCreary prior to May 9, 1961 that Firestone would pay all the legal bills; when again interrogated [13] as to the agreement, he said:

> "The only contact I had with Mr. McCreary after we had decided to sue is embodied in this memorandum. It was that telephone call which Mr. Irons and I made to Mr. McCreary on the morning prior—on the morning I guess of the day we filed the suit, and I don't recall ever having a conversation with Mr. McCreary again, certainly not on this subject at all.
>
> "My understanding of the arrangement, if you want to call it that, whatever name you want to put to it is that McCreary was a free agent, free to settle, we did not hold McCreary harmless, McCreary came in at their own risk, and that we were certainly going to pay practically all of the expenses but that McCreary was going to carry a pro-rata burden. That's been my understanding of the arrangement from the very beginning." (Transcript, page 33,409).

The court then inquired of counsel what they desired the Court to do, stating that "if it is a ruling as to whether the tape is inconsistent with Mr. Birch's testimony, I would say that my present rather strong impression is that there is no substantial inconsistency between his testimony in court and the tape." (Transcript, page 33,417).

It has been asserted by counsel for Firestone, without contradiction,[14] that during the litigation McCreary has

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[12] The "wash out" testimony of Birch.

[13] By Mr. Blenko, Jr.

[14] Mr. Blenko, Jr., as counsel for McCreary; certainly had access to McCreary's accounting records, and could easily have refuted the claim if untrue.

regularly been billed for, and paid, a portion of the legal expenses.

The Court finds as a fact that from March 30, 1961 McCreary was aware that it would be billed for part of the litigation costs; that in fact it has been billed for one per cent thereof; that this was a bona fide arrangement, with no agreement that in fact, ultimately, Firestone would bear all the costs or repay to McCreary any payment made by McCreary; and that this arrangement, understood by this Court on December 13, 1965, is consistent with the dictaphone recording of the telephone conversation on May 9, 1961, offered in court on April 26, 1966.

(d) The "secret" agreement.

As previously indicated, the terms of the alleged secret agreement between Firestone and McCreary have not been developed, and no proffer with respect thereto has been made. The court's finding must therefore necessarily be negative in nature. It is that there is no evidence legally sufficient to prove, or even to justify an inference as to, the existence of a secret or undisclosed agreement between Firestone and McCreary as to the conduct of this litigation, or the payment of the expenses thereof.

3. *Representations as to the effect of the joinder of McCreary.*

There appears to be at least an implication[15] that this court was misled into the belief that the joinder of McCreary might prevent transfer to Cleveland. In fact, plaintiffs' counsel at the July 6, 1961 hearing stated flatly that he did not so contend; that transfer was possible. The court was fully aware of this throughout the case, as indicated in its oral opinion of December 13, 1965 (Transcript, page 26,994).

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[15] Defendant's Exhibit D to Memorandum in Support of Renewed Motion.

It has been suggested that the fact that McCreary was an independent party prosecuting the case at its own expense may well have been a determinative factor in the denial of the first motion by defendant to transfer, that is defendant's motion of April 13, 1961 to dismiss or transfer, although the record is clear that the court was fully aware that McCreary's joinder did not prevent transfer (as indicated above) and although the court was fully aware that had Firestone desired to gain a technical advantage, suit could have been brought solely by McCreary with a silent, subsurface undertaking by Firestone completely to indemnify and save harmless McCleary.[16] That the court did not consider the fact that McCreary was an independent party prosecuting this case at its own expense a factor, much less a determinative factor, militating against transfer is evidenced by the court's oral opinion of July 6, 1961 denying the first transfer motion and its memorandum of October 14, 1963, denying the second transfer motion, in neither of which is the independence of McCreary, or the sharing of expenses, relied upon as a reason for the denials.

While the court has endeavored to cover the major points, the above memorandum does not purport to be exhaustive. The Court has however carefully considered all the memoranda and exhibits filed by the parties, all

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[16] "When the suit was filed, McCreary was a bona fide customer of Firestone as to oil-extended rubber for tread stock and camelback. As such, Firestone could have solicited McCreary to bring the suit as sole plaintiff on an undertaking by Firestone completely to indemnify and save McCreary harmless. A fortiori, the open participation by Firestone and at least partial sharing of costs by McCreary is not improper. See Wheeler v. Denver, 1913, 229 U.S. 342, and see also Schnell v. Eckrich & Sons, 1961, 365 U.S. 260. (Oral opinion of December 13, 1965; Transcript, pages 26,993-26,994).

transcript references and exhibits to which reference has been made, and the transcript of the oral arguments of counsel, upon the whole of which it makes the following general and ultimate

FINDINGS OF FACT

1. McCreary was an independent party throughout the entire period herein involved and still is an independent party.

2. McCreary agreed to and in fact did bear its proportionate share of the cost of litigation.

3. There is no evidence legally sufficient to prove, or even to justify an inference as to, the existence of a secret or undisclosed agreement between Firestone and McCreary as to the conduct of this litigation, or the payment of the expense thereof.

4. The fact that McCreary was an independent party prosecuting the case at its own expense, proportionally, was not a factor, much less a determinative factor, in the denial of the defendant's motion of April 13, 1961 to dismiss or transfer.[17]

5. No fraud, serious or otherwise, has been practiced upon the Court by the plaintiffs.

6. There has been no effort by plaintiffs to practice fraud upon the Court.

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[17] It is probable that if fraud were in fact intended, it would be immaterial whether or not the court had actually been misled. Hazel Atlas Glass Co. v. Hartford-Empire Co., 1944, 338 U.S. 238, 247; Keystone Driller Co. v. General Excavator Corp. 1933, 290 U.S. 240.

However, because of the language of the Court of Appeals that the alleged false representations "may well have been the determining factor in the denial of the transfer motion" (363 F.2d at page 89) this Court thought it advisable to make Finding 4.

CONCLUSIONS OF LAW

1. No fraud has been practiced upon the Court by the plaintiffs.

2. There has been no effort by plaintiffs to practice fraud upon the Court.

3. The renewed motions of April 13, 1961 to dismiss or transfer, of September 6, 1963 to transfer, and the motion for the imposition of sanctions, are each and all without merit, and should be and are denied.

R. DORSEY WATKINS
United States District Judge.

October 17, 1966.